

Message Text

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FOR CASEY

FOLL SENT ACTION SECSTATE INFO BONN BRUSSELS LONDON ROME EC
BRUSSELS FROM PARIS 15 MAY 73 REPEATED TO YOU QUOTE

LIMITED OFFICIAL USE PARIS 13400

E. O. 11652: N/ A

TAGS: EFIN, FR

SUBJECT: GOVERNOR OF BANK OF FRANCE SUGGESTS DELAY IN MONETARY
NEGOTIATIONS

1. IN A SPEECH BEFORE A PARIS BUSINESSMEN'S CLUB TODAY,
OLIVIER WORMSER, GOVERNOR OF THE BANK OF FRANCE, SUGGESTED
DELAYING THE NEGOTIATIONS ON INTERNATIONAL MONETARY REFORM UNTIL
THE U. S. GOT BACK INTO TRADE BALANCE OR SURPLUS. WORMSER
RECALLED THAT AT THE BRETON WOODS CONFERENCE KEYNES HAD
PROPOSED THAT THE NEW MONETARY SYSTEM BE BASED ON PRINCIPLE
THAT DEFICIT COUNTRIES SHOULD BE GIVEN FINANCIAL HELP BY THE
INTERNATIONAL COMMUNITY UNTIL THEY GOT BACK INTO BALANCE,
WHEREAS THE U. S., WHICH WAS AT THAT TIME A SURPLUS COUNTRY AND
WHICH SAW ITSELF AS THE PRINCIPAL SOURCE OF CREDIT TO ASSIST
DEFICIT COUNTRIES, ON THE CONTRARY ARGUED THAT IT WAS THE
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RESPONSIBILITY OF THE DEFICIT COUNTRIES THEMSELVES, THROUGH APPROPRIATE ECONOMIC MEASURES, TO GET BACK INTO BALANCE. NOW THAT THE U. S. WAS A DEFICIT COUNTRY, WORMSER CONTINUED, IT WAS ARGUING THAT SURPLUS COUNTRIES ALSO HAD RESPONSIBILITY FOR RESTORING INTERNATIONAL EQUILIBRIUM, A VIEW FOR WHICH WORMSER SHOWED LITTLE SYMPATHY. WORMSER SAID HE THOUGHT IT MIGHT BE ADVISABLE TO POSTPONE THE MONETARY NEGOTIATIONS UNTIL THE U. S. WAS ONCE AGAIN A CREDITOR COUNTRY, AT WHICH TIME HE BELIEVED IT WOULD RETURN TO ITS EARLIER POSITION CONCERNING THE RESPONSIBILITIES OF DEFICIT COUNTRIES AND WOULD THUS THROW ITS WEIGHT BEHIND PROPOSALS FOR MONETARY REFORM MORE IN LINE WITH FRENCH THINKING.

2. COMMENT: THESE VIEWS WOULD HAVE MORE WEIGHT IF THEY HAD BEEN EXPRESSED BY GISCARD, WHO PLAYS A FAR MORE IMPORTANT ROLE THAN WORMSER IN THE FORMULATION OF FRENCH MONETARY POLICY. SO FAR AS WE KNOW, THERE HAS BEEN NO CHANGE IN THE OFFICIAL FRENCH POSITION THAT MORE RAPID PROGRESS SHOULD BE MADE IN MONETARY NEGOTIATIONS, AND, UNTIL THERE IS EVIDENCE TO THE CONTRARY, WE ARE ASSUMING THAT WORMSER IS SPEAKING FOR HIMSELF AND THAT HIS STATEMENTS DO NOT REFLECT THE VIEWS OF THE FRENCH GOVERNMENT.
DECONTROL DECEMBER 31, 1974
IRWIN UNQUOTE RUSH

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